EXHIBIT 1

EXPRESS SCRIPTS®

Compound Management

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June 3, 2014

Agenda

- The Growing Concern Over Compounds
- Express Scripts Solutions Evolution
- A More Robust Solution Will Give Your Clients More Control
- A Robust Communication Plan Targets Compound Users
- Next Steps

Claims Submission Standards Create a Loop Hole for Bulk Manufacturers and Compounding Pharmacies

COMPOUND CLAIMS PROCESS

2011
(through 12/31/11)

NCPDP 5.1

- Only **most expensive ingredient** submitted
- Coverage based on ***only*** most expensive ingredient
- 'Blind' summation of all ingredients submitted and paid

2012
(1/1/12 and beyond)

NCPDP D.0

- **All ingredients** submitted
- Coverage based on ***all*** ingredients
- Each ingredient cost must be submitted for reimbursement
- Expanded reject oversight

Increasing Transparency Created a Disturbing Trend

Compound Ingredient Price Increases

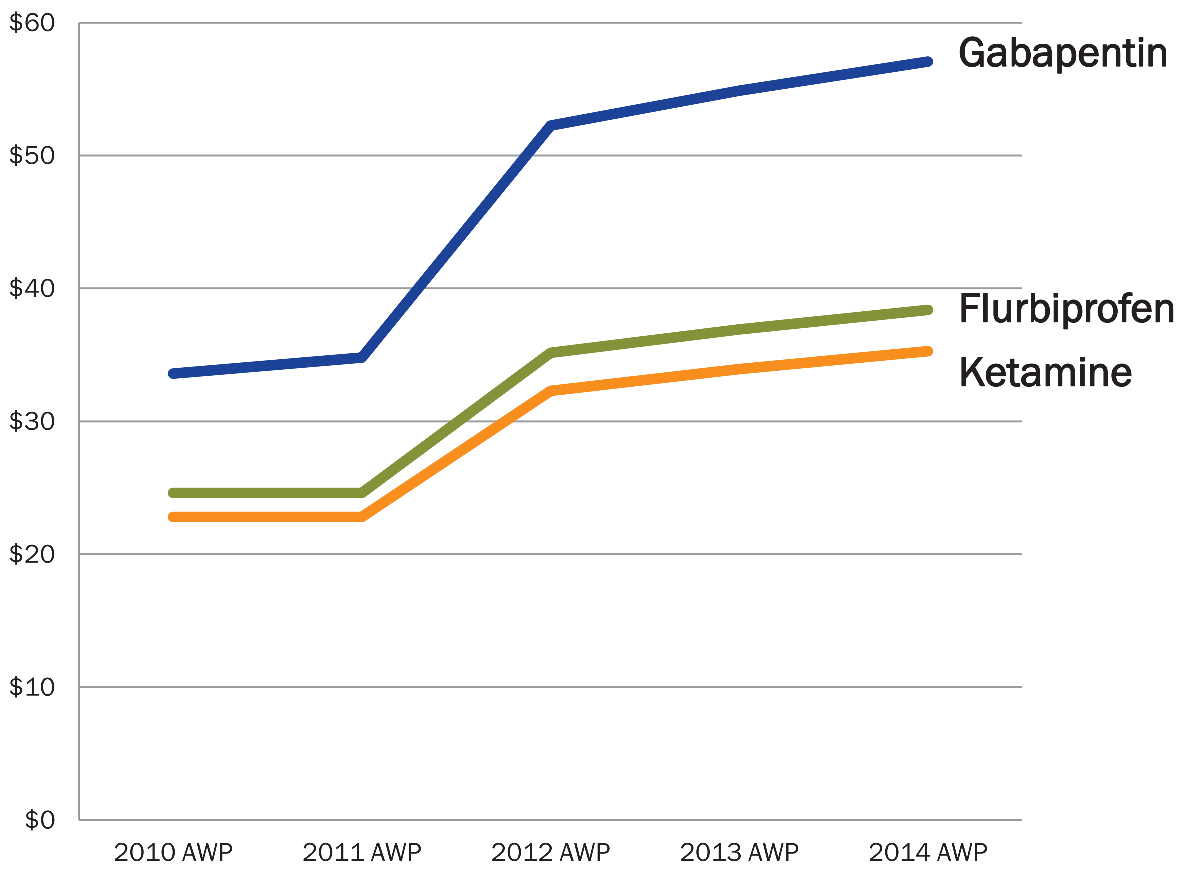
Two options for pharmacy prescription submission:

1

AWP
(Average Wholesale Price)

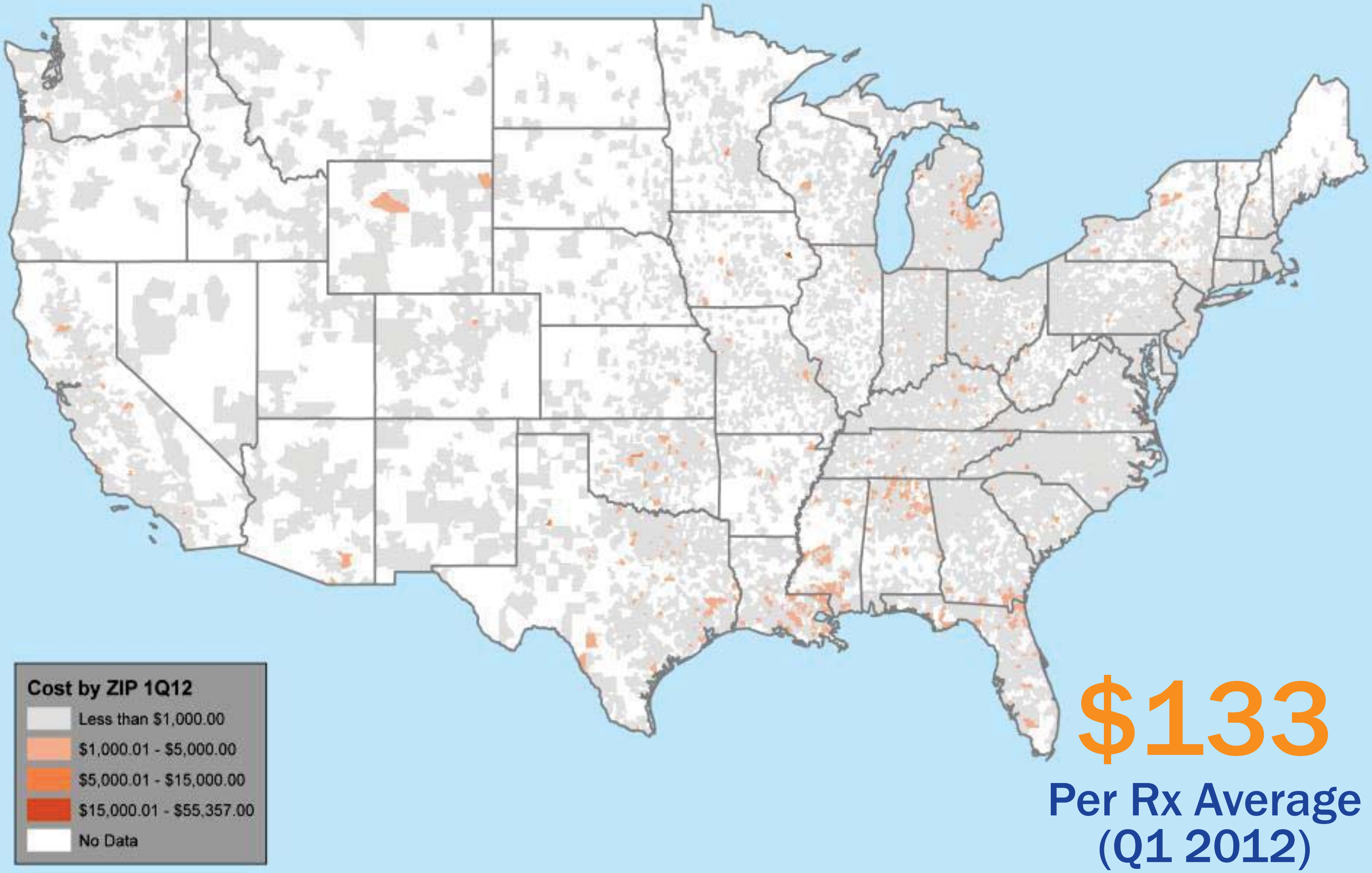
2

U&C
(Usual and Customary)



$60
$50
$40
$30
$20
$10
$0
2010 AWP
2011 AWP
2012 AWP
2013 AWP
2014 AWP
Gabapentin
Flurbiprofen
Ketamine

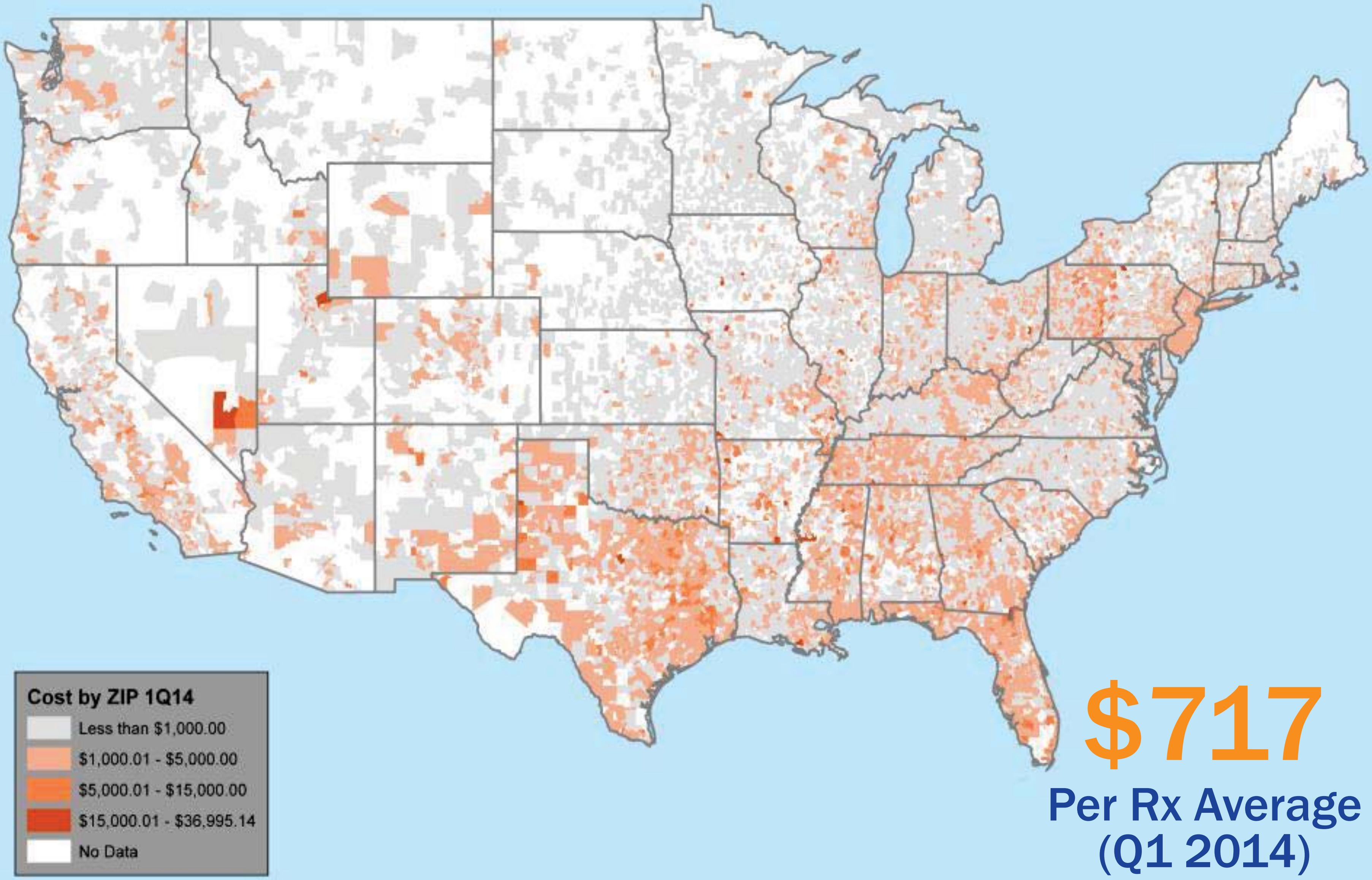
Since 2011, bulk powder manufacturers have **RAISED AWP PRICES DRASTICALLY**



Cost by ZIP 1Q12
Less than $1,000.00
$1,000.01 - $5,000.00
$5,000.01 - $15,000.00
$15,000.01 - $55,357.00
No Data

$133

Per Rx Average (Q1 2012)


Cost by ZIP 1Q14
Less than $1,000.00
$1,000.01 - $5,000.00
$5,000.01 - $15,000.00
$15,000.01 - $36,995.14
No Data

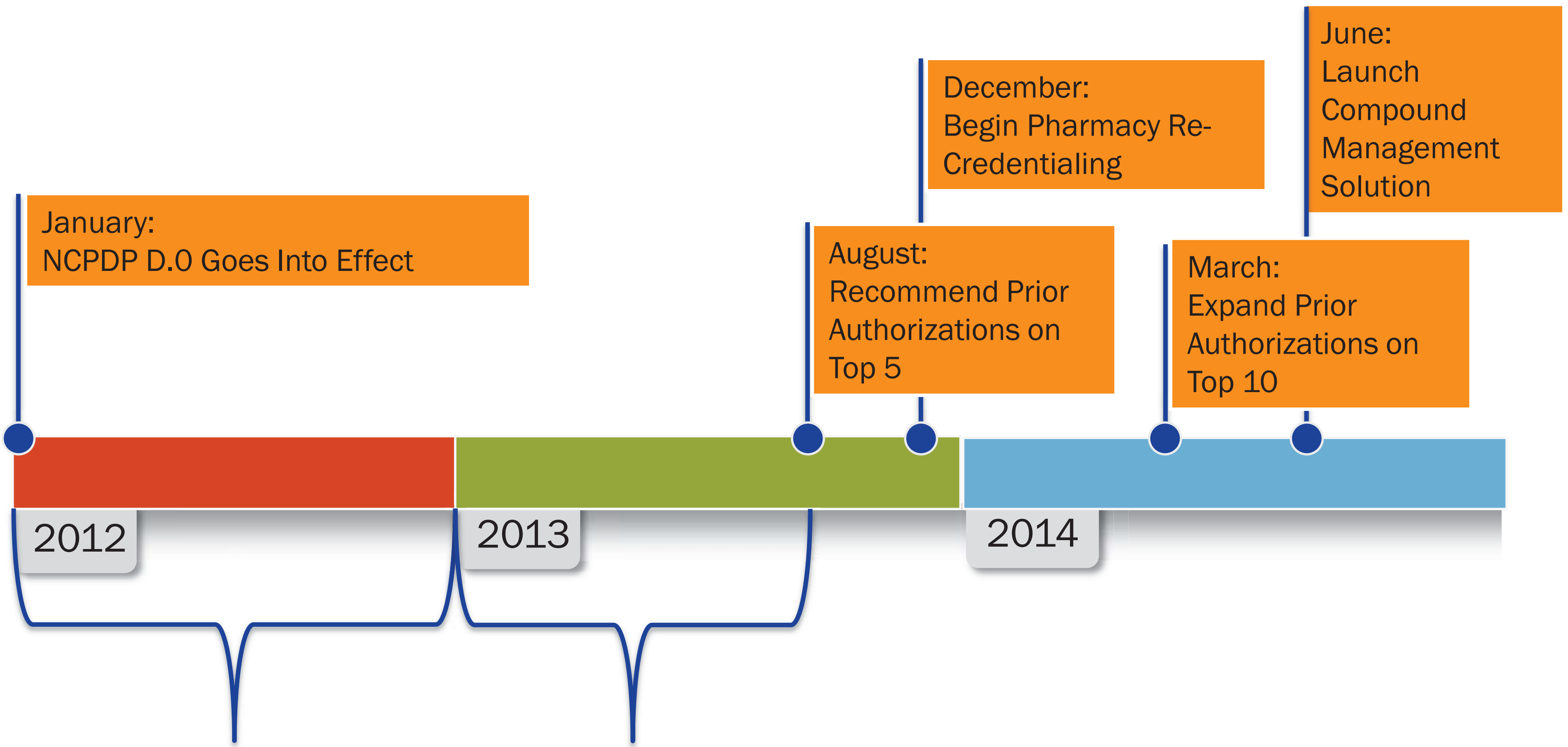
$717
Per Rx Average (Q1 2014)

218%

year over year spend increase on compounded medications

Source: 2013 Express Scripts Drug Trend Report

Express Scripts Solutions Evolution



January:
NCPDP D.0 Goes Into Effect
December:
Begin Pharmacy Re-Credentialing
June:
Launch Compound Management Solution
August:
Recommend Prior Authorizations on Top 5
March:
Expand Prior Authorizations on Top 10
2012
2013
2014

- Compound Spend Stable
- Cost Per Claim Increasing
- <0.5% Rx Volume

- Large Price Increases
- High Cost Claims

Compound Solution Comparison

Compound PA vs. Compound Management

	Current Compound Prior Authorization	New Compound Management
Bulk Powders Targeted	10	1,000+
Compound Ingredients Targeted	Primary ingredient	All ingredients
Mechanism	Prior Authorization	Rx “Not Covered” reject
Program Fee	$0.03 PMPM (Fee to be eliminated)	No Charge

Compound PA Successfully Implemented for 200 Clients with No Member Noise

New and More Robust Compound Management Solution

- Evaluates ALL Ingredients
  - Bulk Powders
  - Bases (Creams, Ointments)
  - Tablets, Capsules
  - Vitamins & Minerals
- Targets Over 1,000 Ingredients
- Ongoing Updates
- Prenotification
- Client Opt-Out
  - No Charge
  - No Penalty

» Eliminates 95% Compound Spend

Compound Management Ingredient Selection Criteria

1. Represents a significant cost and/or within the top 200 most expensive
2. Traditionally considered OTC under a client benefit
3. Has commercially available alternative medications
4. Products that have a significant and/or continuous price increases
5. Products lacking clinical evidence within compounds

Minimal Member Impact

0.6% Members

60-Day Advance Notification

Member Impact and Savings Reports Available

How the Compound Management Solution Works

Inclusion/Exclusion

Scenario 1

- Freedom Cepapro (Primary)
- Tranilast
- **Fluticasone powder**

Fluticasone powder is on the exclusion list

REJECT

Scenario 2

- Oseltamivir (Primary)
- Ora-Plus
- **Ora-Sweet (OTC)**

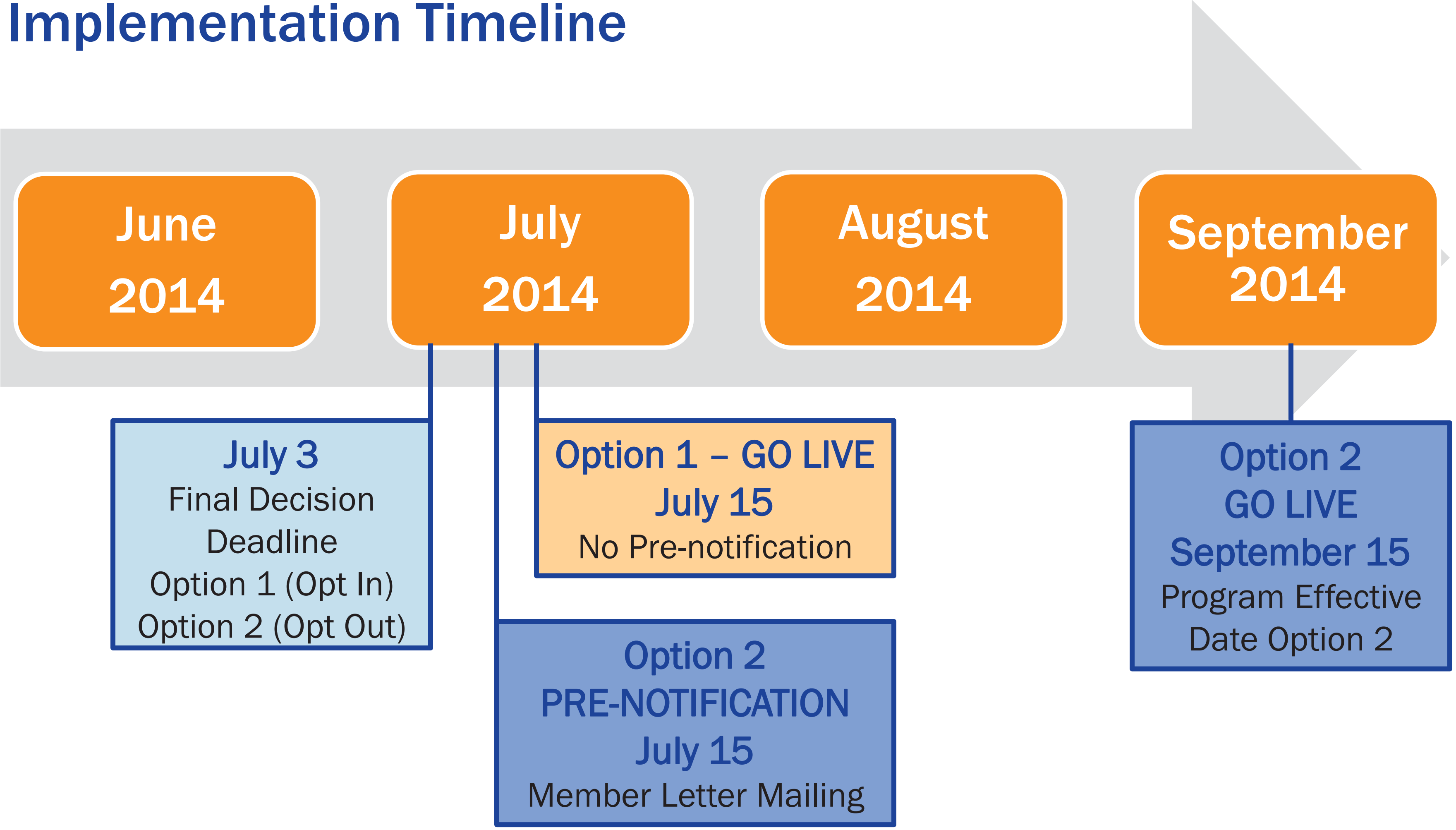
Ora-Sweet is an inexpensive OTC and on the inclusion list*

NO REJECT

Component Evaluation is a Game-Changer

*This OTC would only be covered as part of a compound and does not affect the plan's setup.

New Compound Management Solution Implementation Timeline



June 2014
July 2014
August 2014
September 2014
July 3
Final Decision Deadline
Option 1 (Opt In)
Option 2 (Opt Out)
Option 1 – GO LIVE
July 15
No Pre-notification
Option 2
PRE-NOTIFICATION
July 15
Member Letter Mailing
Option 2
GO LIVE
September 15
Program Effective Date Option 2

Option 1 = **Without** Member Prenotification Letters

Option 2 = **With** Member Prenotification Letters 60 Day Notice

Option 3: Alternate Implementation Timeline

September 2014

September 19
Final Decision Deadline
Option 3 (Opt In)

November 2014

November 1
Member Letter Mailing Date

January 2015

January 1
Program Effective Date

Prenotification Member Letter

Letter calls out needed change to member with:

1. Specific medication
2. Rationale for change
3. Call-to-action

60-day member notice

<Client Logo>

<Client Logo or Express Scripts Logo>

Benefit coverage change notice: Please talk with your doctor about your prescription.

<<First Name>> <<Last Name>>
<<Address line 1>>
<<Address line 2>>
<<City>>, <<State>> <<Zip>>

<<Month Year>>

<<Key Code>>

Dear <<First Name>>,

We want you to know about an important change coming to your prescription drug coverage on **<<Effective Date>>.** As of this date, your prescription benefit will no longer cover prescriptions for compounded medications containing the following:

<<Drug name>> <<Drug name>>
<<Drug name>> <<Drug name>>

Why your coverage is changing
The U.S. Food and Drug Administration (FDA) defines a compound medication as one that requires a licensed pharmacist to combine, mix or alter the ingredients of a medication when filling a prescription. *The FDA does not verify the quality, safety and/or effectiveness of compound medications.*

To avoid paying the full cost of your medication, you should:

- Ask your doctor for a new prescription for an FDA-approved drug *before your next fill.*
- Be aware that this new prescription may still require further review and/or approval to be covered under your plan.

Please understand that because the medication you're currently taking will no longer be covered under your plan, you could pay the full cost if you continue taking it. So, it's important that you ask your doctor for a new prescription before <<Effective Date>>. For any questions, please call the number on your member ID card.

Sincerely,

Andrew R. Behm

<signature id 2>

Andrew R. Behm, Doctor of Pharmacy
Vice President of Pharmacy Services
Express Scripts

<Express Scripts manages your prescription benefit for your employer, plan sponsor, health plan or benefit fund.>

Client and Consultant Homework

Medical Benefit

- Pull Patient Data
- Watch Ongoing Compound Spend

→

Compound Reimbursement Flanking

- Compounding Pharmacies May Attempt To Submit Under Medical
- Physicians May Attempt To Submit Under Medical

Expect the Unexpected From Compounding Pharmacies

Next Steps

- Clients will receive a communication on June 5
  - Account teams are prepared to provide additional details
  - Option 1: Opt Out by July 3
  - Option 2: Opt In by July 3
  - Option 3: 1/1 Implementation Opt Out by September 19
- Benefit Advisors will receive a copy of the client communication following this webcast
- Contact your Strategic Relations Director with any additional questions not addressed on the webcast

Thank you

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